

BEFORE THE
BOARD OF ACCOUNTANCY
STATE OF CALIFORNIA

In the Matter of the Accusation)	
Against:)	
)	
)	No. AC-94-15
MURRAY IRVING BROOKS,)	
Certified Public Accountant,)	OAH No. L-9512143
)	
Certificate No. 25590,)	
)	
Respondent.)	
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PROPOSED DECISION

This matter was heard by Vincent Nafarrete, Administrative Law Judge of the Office of Administrative Hearings, at Santa Ana, California, on April 30, 1996. Complainant was represented by Anthony Summers, Supervising Deputy Attorney General. Respondent was present throughout the hearing and represented himself.

At the conclusion of the hearing, the record was held open for the parties to file certain documents as follows: On May 2, 1996, complainant's original certification of costs was received and is hereby marked and admitted into evidence as Exhibit 5A; and, on May 7, 1996, respondent's copies of letters were received, collectively marked as Exhibit A, and admitted as hearsay evidence to supplement or explain other evidence under Government Code Section 11513(c).

Oral and documentary evidence having now been received, the Administrative Law Judge submits this matter for decision on May 7, 1996, and finds as follows:

FINDINGS OF FACT

1. The Administrative Law Judge takes official notice that, on January 31, 1994, the Accusation was made and filed by Carol B. Sigmann solely in her official capacity as Executive Officer of the Board of Accountancy, Department of Consumer Affairs, State of California (hereinafter Board).

2. (A) On January 27, 1978, the Board issued certificate no. 25590 (certified public accountant) to Murray Irving Brooks (hereinafter respondent). Respondent's certificate expired on December 1, 1992, and, as such, is not in full force and effect. Respondent has not paid the statutory renewal fee or filed evidence of compliance with continuing education regulations with the Board.

(B) Jurisdiction continues to exist in this matter pursuant to Business and Professions Code Sections 118(b) and 5070.6.

(C) Respondent has no prior disciplinary history with the Board.

3. (A) On February 8, 1993, before United States District Court, Central District of California, in United States v. Brooks, Docket No. 92-340-SVW, respondent was found guilty by jury trial and verdict of violating four counts of Title 15, United States Code, Section 77(q) (securities fraud); seven counts of Title 18, United States Code, Section 1343 (wire fraud); and one count of Title 15, United States Code, Section 77(q) (conspiracy to commit securities fraud and mail and wire fraud), which crimes are felonies and involve moral turpitude.

(B) At the sentencing on February 8, 1993, the federal court adjudged respondent guilty and convicted and ordered that he be committed to the custody of the federal Bureau of Prisons for 37 months.

(C) In addition, the federal court ordered respondent to pay restitution of \$624,000 and, upon release from imprisonment, to be placed on supervised parole for three years under, in part, the following terms and conditions: pay said restitution as directed by the probation officer, provide accurate financial statements of income and expenses to the probation officer, provide state and federal income tax returns as requested by the probation officer, and pay a special assessment of \$600.

(D) In order that he begin serving his prison sentence, the federal court ordered respondent to surrender to federal authorities no later than March 9, 1993. Respondent served his prison sentence and was released from federal prison in September 1995.

4. The facts and circumstances underlying respondent's conviction are summarized as follows:

a. Beginning in September 1987 and continuing thereafter until February 1989, respondent was engaged with several other persons and a telemarketing company in a fraudulent gold mining investment scheme called Gold Hill '88.

b. Respondent was an officer of Frontier Energy Resources, Inc., a Nevada corporation, which was purportedly engaged in the business of mining for gold near Virginia City, Nevada. He helped to prepare three investment prospectuses and distribute the prospectuses to investors; said prospectuses contained false representations, including the false

representations that the mine site had 1.25 million tons of mineral ore with an average of eight-tenths of an ounce of gold per ton, that the gross value of the ore was \$400 million, and that investors would receive 4:1 return on their investments. In fact, respondent failed to disclose, in part, that no mining activity was taking place, that the mining site was a federally-protected historic site and had never been properly assayed by an independent mining geologist, and that no mining permit had been applied for or received from the federal government.

c. In addition, respondent caused the purchase of used mining equipment and the construction of a structure on the mining site. He knew that the mining equipment could not mine gold in the quantity promised and he failed to obtain any mining permits. Respondent also caused the construction of a facade on the mining site to impress potential investors.

d. In May 1988, respondent was made aware of a confidential report of a hired assayer which, in part, stated that the mine had no permit, that the mining site contained low grade ore that was not profitable to mine and did not justify the investment, and that respondent was not qualified to manage the gold mining operation. With others, respondent nevertheless decided to continue to solicit investors and not to disclose the assay report to them.

e. From November 1987 until September 1989, respondent and others fraudulently induced 300 investors to invest \$1.4 million in the Gold Hill '88 scheme. Less than \$400,00 was spent on the mining operation while over \$1 million was diverted into personal accounts or businesses of the principals engaged in the fraudulent investment scheme.

f. Respondent and others used the United States mail, wire, radio, and telephone to send false mining newsletters, distribute fraudulent investment prospectuses and investment contracts, and solicit investors in the gold mining scheme.

g. Pertinent factual statements contained in the judgment of conviction (Exh. 3B), the criminal indictment (Exh. 3A), and the Memorandum decision of the Ninth Circuit Court of Appeals (Exh. 4) are hereby incorporated and made a part of this Proposed Decision by this reference.

5. Respondent's crimes are substantially related to the qualifications, functions, or duties of a certificated public accountant. Respondent's crimes of securities fraud, wire fraud, and conspiracy to commit securities fraud and mail and wire fraud involved dishonesty.

6. (A) Respondent admits that he has suffered a conviction but states that he is not guilty of any criminal or dishonest conduct. He contends that he operated a legitimate and active gold mining operation and kept investors apprised of the progress of the mining venture. Respondent states that the government closed the gold mine without reason and prevented him from making a complete accounting of the income and expenses of his mining operation.

(B) Respondent further states that he is an honest person and has integrity. He states that the federal prosecutors were dishonest, witnesses who testified against him committed perjury, and he has no confidence in the criminal justice system.

(C) Respondent's claims were not credible or persuasive. His attempts to undermine his conviction must necessarily fail under legal precedent set forth in Arneson v. Fox, 28 Cal.3d 440 (1980), which establishes that his conviction is conclusive evidence of his guilt and cannot be impeached by him in these administrative proceedings.

7. (A) Since his release from federal prison in September 1995, respondent has been supervised by a parole officer. He has not made any restitution to the victims of his crime as ordered by the federal court.

(B) Respondent states he is living only on Social Security income and has no other income or assets to make the court-ordered restitution.

8. Respondent has not practiced accounting for several years; he has not practiced accounting since his release from prison. Respondent has not taken any continuing education classes in accounting.

9. Respondent did not demonstrate any remorse for his criminal conduct.

10. Respondent's testimony, the testimony of respondent's witness, and respondent's letters of support (Exh. A) have been read and/or considered for purposes of this Proposed Decision.

11. The total amount of the Board's reasonable costs of investigation and prosecution of this case is \$2,158.67.

* * * * *

Pursuant to the foregoing findings of fact, the Administrative Law Judge makes the following determination of issues:

CONCLUSIONS OF LAW

1. Grounds exist to revoke or suspend respondent's certificate pursuant to Business and Professions Code Section 490 in that respondent has been convicted of crimes, which are substantially related to the qualifications, functions, or duties of a licensed or certificated accountant, as set forth in Findings 3 - 5 above.

2. Grounds also exist to revoke or suspend respondent's certificate for unprofessional conduct pursuant to Business and Professions Code Section 5100(a) in conjunction with Section 5106 in that respondent has been convicted of crimes substantially related to the qualifications, functions, and duties of a certified public accountant or a public accountant, as set forth in Findings 3 - 5 above.

3. Substantial Relationship. Respondent's argues that his conviction for securities fraud, wire fraud, and conspiracy to commit securities fraud and mail and wire fraud is not substantially related to the qualifications, functions, and/or duties of a certified public accountant. Respondent contends that he was acting as a businessperson and was not engaged in accounting functions or duties when he operated the gold mining venture. Respondent's argument is not persuasive.

Honesty and integrity are qualities expected of a certified public accountant; acts of dishonesty evidence a lack of moral character and unfitness to practice public accounting regardless whether or not the dishonest conduct was committed in the course of licensed or certificated accounting activities. (See Windham v. Board of Medical Quality Assurance, 104 Cal.App.3d 461, 163 Cal.Rptr. 566 (1980).) Furthermore, Board of Accountancy regulation provide that crimes involving fiscal dishonesty or breaches of fiduciary responsibility of any kind are substantially related to the qualifications, functions, and duties of a certificated accountant (Tit. 16, Cal. Code Regs., Section 99).

Here, respondent's crimes of securities fraud, wire fraud, and conspiracy to commit securities fraud and mail and wire fraud clearly involved dishonest acts. As such, there is a nexus between respondent's criminal conduct and the qualifications, functions, and duties of a certificated public accountant, as set forth in Finding 5 above.

4. Rehabilitation. Respondent failed to establish under the criteria of Title 16, California Code of Regulations, Section 99.1, that he is rehabilitated from his conviction or the criminal conduct underlying his conviction, as set forth in Findings 6 - 10 above. His attempts to disavow or deny any

criminal conduct demonstrate that he is, in fact, not yet rehabilitated from his conviction.

5. Costs. Grounds exist under Business and Professions Code Section 5107 to require that respondent, who is guilty of unprofessional conduct involving a felony conviction in violation of Section 5100(a), pay to the Board all of the reasonable costs of investigation and prosecution of this matter, including attorney's fees, based on Conclusions of Law no. 2 above and Finding 11 above, jointly.

* * * * *

WHEREFORE, THE FOLLOWING ORDER is hereby made:

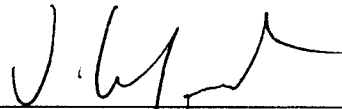
ORDER

1. Certificate no. 25590 (certified public accountant) previously issued by the Board of Accountancy to respondent Murray Irving Brooks is revoked, based on Conclusions of Law nos. 1 - 4 above, jointly.

2. Respondent shall pay to the Board of Accountancy the sum of \$2,158.67, which is the amount of the reasonable costs of investigation and prosecution of this matter, based on Conclusions of Law nos. 2 and 5 above, jointly.

DATED: _____

5/28/06



VINCENT NAFARRETE
Administrative Law Judge
Office of Administrative Hearings

BEFORE THE
BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation)	No. AC-94-15
Against:)	
) OAH No. L-9512143
MURRAY IRVING BROOKS)	
Certified Public Accountant,)	
) <u>DECISION</u>
Certificate No. 25590,)	
)
Respondent.)	
_____)	

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the Board of Accountancy as its decision in the above-entitled matter.

This Decision shall become effective September 7, 1996.

IT IS SO ORDERED August 7, 1996.

BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

By 

rfm

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of the State of California
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7
8 **BEFORE THE**
BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation) NO. AC-94-15
Against:)
12)
MURRAY IRVING BROOKS) ACCUSATION
13 P.O. Box 3492)
Seal Beach, CA 90740)
14)
Certificate No. 25590)
15)
Respondent.)
16)

17 Complainant Carol B. Sigmann, as cause for disciplinary
18 action, alleges:

19 **PARTIES**

20 1. Complainant is the Executive Officer of the
21 California State Board of Accountancy ("Board") and makes and
22 files this accusation solely in her official capacity.

23 License Status

24 2. On or about January 27, 1978, Certificate No. 25590
25 (certified public accountant) was issued by the Board to Murray
26 Irving Brooks ("respondent"). The Certificate expired on
27 December 1, 1992 and has not been renewed.

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a. Section 5100 provides that the Board may revoke, suspend or refuse to renew any permit or certificate issued by the Board, or may censure the holder of any such permit or certificate for unprofessional conduct.

c. Section 5100(a) provides that unprofessional conduct includes, but is not limited to, the conviction of any crime substantially related to the qualifications, functions and duties of a certified public accountant or a public accountant.

d. Section 5106 provides, in part, that a plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to be a conviction within the meaning of Section 5100(a).

e. Section 118(b) provides that "[t]he suspension, expiration, or forfeiture by operation of law of a license issued by a board in the department, or its suspension, forfeiture, or

1 cancellation by order of the board or by order of a court of law,
2 or its surrender without the written consent of the board, shall
3 not, during any period in which it may be renewed, restored,
4 reissued, or reinstated, deprive the board of its authority to
5 institute or continue a disciplinary proceeding against the
6 licensee upon any ground provided by law or to enter an order
7 suspending or revoking the license or otherwise taking
8 disciplinary action against the licensee on any such ground."

9 f. Section 5070.6 provides, in part, that an expired
10 permit to practice as a certified public accountant may be
11 renewed at any time within five years after the date of
12 expiration.

13 g. Section 490 provides, in part, that a Board may
14 suspend or revoke a license on the ground that the licensee has
15 been convicted of a crime, if the crime is substantially related
16 to the qualifications, functions, or duties of the business or
17 profession for which the license was issued. A conviction within
18 the meaning of this section means a plea or verdict of guilty or
19 a conviction following a plea of nolo contendere.

20 CHARGES AND ALLEGATIONS

21 4. Respondent is subject to disciplinary action
22 pursuant to Code Sections 490 and 5100(a) based on the following:

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1 a. On or about February 8, 1993, in the United
2 States District Court, in the case entitled United States of
3 America v. Murray I. Brooks, et. al, respondent was found guilty
4 and convicted of four counts of securities fraud in violation of
5 Title 15 U.S.C. 77(q) and (x), seven counts of wire fraud in
6 violation of Title 18 U.S.C. 1343 and one count of conspiracy to
7 commit securities fraud, mail and wire fraud in violation of
8 Title 18 U.S.C. 371, Title 15 U.S.C. 77(q) and Title 18 U.S.C.
9 1341 and 1343.

10 b. The facts underlying these convictions are set
11 forth in Counts 2-4, 6-13 and 16 of the Criminal Indictment
12 attached hereto as Exhibit "A" and incorporated herein by
13 reference.

14 5. Respondent has subjected his certificate to
15 discipline pursuant to Code sections 490 and 5100(a), as more
16 particularly alleged in paragraph 4 above, in that respondent was
17 convicted of crimes substantially related to the qualifications,
18 functions and duties of an accountant.

19 PRAYER

20 WHEREFORE, complainant requests that the Board hold a
21 hearing on the matters alleged herein, and that following said
22 hearing, the Board issue a decision:

- 23 1. Revoking or suspending Certificate Number 25590,
24 heretofore issued to respondent Murray Irving
25 Brooks;

26 ///

27 ///

- DATED: January 31, 1994

Carol B. Sigmann
Executive Officer
Board of Accountancy
Department of Consumer Affairs
State of California

03541110-SD93AD0683

CRIM. INDICTMENT

FILED IN OPEN COURT
U.S. DISTRICT COURT
ATLANTA

MAR 13 1991

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

By *[Signature]*
Deputy Clerk

UNITED STATES OF AMERICA

CRIMINAL INDICTMENT

V.

MURRAY I. BROOKS, CROFT
IRELAND, LADONNA FORREST, and
SYED FARUQUE ALI, a/k/a Sam Ali

NO. 1-87-2201-01

THE GRAND JURY CHARGES THAT:

COUNTS ONE THROUGH SIX

1. From on or about September 1, 1987, and continuing until on or about February 15, 1989, in the Northern District of Georgia, and elsewhere, the defendants, MURRAY I. BROOKS, CROFT IRELAND, LADONNA FORREST, and SYED FARUQUE ALI, a/k/a Sam Ali, aided and abetted by each other and others known and unknown to the Grand Jury, in connection with the offer and sale of securities that is investment contracts, in a business known as Gold Hill '88, willfully and knowingly, directly and indirectly, by the use of the United States mails and means and instrumentalities of interstate commerce, did induce individuals, hereinafter called "investors" to invest approximately \$1,400,000.00 by willfully devising and employing, and causing to be employed, devices, schemes and artifices to defraud; by obtaining money by making and causing to be made untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and by engaging in acts, practices and courses of

Exhibit "A"

business which operated and would operate as a fraud and deceit upon said investors and prospective investors.

2. At all times pertinent to this indictment:

A. Defendant MURRAY I. BROOKS was a Certified Public Accountant registered in the State of California, residing in Westminster, California, and an officer of Frontier Energy Resources, Inc.

B. David Brooks was a Certified Public Accountant, the son of MURRAY I. BROOKS, and President of Frontier Energy Resources, Inc.

C. Defendant CROFT-IRELAND was a resident of Los Angeles, California, and was president of Capital International Trading Co.

D. Frontier Energy Resources, Inc., ("Frontier Energy") was a Nevada corporation, incorporated on December 30, 1983, located in Carson City, Nevada, and purportedly engaged in the business of mining for gold.

E. Gold Hill '88 was an investment program offered by Frontier Energy through which investors were sold securities in mining claims that were purportedly leased by Frontier Energy.

F. Capital International Trading Company, ("Capital International") was a California business created in July, 1987, whose principal place of business was Costa Mesa, California, and was registered as being engaged in the business of telemarketing. Among the investments marketed nationally via telephone by Capital

International were Trinity Gold, Corner Creek Gold Mine, White Rock Gold Mine and Gold Hill '88.

G. Defendant LADONNA FORREST was a telemarketing salesperson employed at Capital International Trading from November, 1987 to August, 1988. FORREST was paid a commission for successful sales.

H. Defendant SYED FARUQUE ALI a/k/a Sam Ali was a telemarketing salesperson employed at Capital International trading from November, 1987 to August, 1988. ALI was paid a commission for successful sales.

I. Lance Gabler was a resident of Fresno, California, and was the owner of Big G-1 mining claim. This claim was purportedly leased by Frontier Energy to be mined for the benefit of investors as part of the Gold Hill '88 program.

J. William Wayne Gabler, son of Lance Gabler, was a resident of Gold Hill, Nevada, and was the owner of Big G-2 mining claim and an employee of Frontier Energy.

3. Beginning in late October, 1987, defendant CROFT IRELAND, aided and abetted by defendant MURRAY I. BROOKS and others, prepared three different prospectuses for prospective investors in Gold Hill '88. These prospectuses were distributed to investors via the United States mail or personally by defendant MURRAY I. BROOKS. The following false representations were made in the prospectuses or in communications made in connection with the offer and sale of the securities:

A. That in exchange for the purchase of each investment contract (referred to by the defendants as "units"), 80 ounces of .999 Hallmark gold bars would be delivered to the investor within 18 months of signing the agreement;

B. That the Gold Hill '88 "mine site" contained 1,250,000 tons of mineral ore which, according to numerous assays, possessed an average of eight-tenths of an ounce of gold per ton;

C. That Gold Hill '88 was not a research and development project;

D. That pilot production runs had already been conducted;

E. That investors would receive a 4:1 return on their investment dollar; and

F. That the gross value of the ore, after processing, would be 400 million dollars.

The following material facts were omitted from the prospectus and other communications in connection with the offer and sale of the securities:

A. There was no mining equipment on the site;

B. No mining activity was taking place on the site;

C. No pilot production runs had been completed;

D. There was not scientific or reasonable basis in fact for the representation that 1,250,000 tons of ore were available for processing;

E. The site had never been properly assayed by an independent mining geologist;

F. The appropriate mining permits had never been received or even applied for from the Bureau of Land Management; and

G. The East Yellowjacket mine which was the site of Gold Hill '88, is a National Historic site which is federally protected from mining disturbances.

4. The defendants, either through telemarketing or in person, solicited investors to buy Gold Hill '88 securities, referred to by defendants as "units", which would purportedly result in the investors receiving 80 ounces of gold to be mined in the future. Each unit cost \$16,000.00. The investor was required to pay \$1,600.00 as a down payment and execute a non-recourse purchase agreement for the balance. The investor was required to make monthly payments of \$154.50 toward the balance of the purchase price. The monthly payments were to continue for eighteen months or until the delivery of the investor's gold, whichever occurred first. According to the purchase agreement, the balance of the purchase price was due upon the delivery of the purchaser's gold.

5. Defendants CROFT IRELAND and MURRAY I. BROOKS, during September or October, 1987, entered into an agreement to prepare prospectuses and to market Gold Hill '88. The agreement also provided for the division of investors' funds between the defendants and salespeople, such as defendants LADONNA FORREST and SYED FARUQUE ALI.

6. Beginning on or about December 30, 1987, from its office at 1525 Mesa Verde Drive, East, Suite 226, Costa Mesa, California, Capital International Trading, under the direction of defendant CROFT IRELAND, began soliciting investors via nationwide telephone calls. Each solicitation consisted of a pre-planned script written by defendant CROFT IRELAND. Among the false claims made by telemarketing salespeople, including defendants LADONNA FORREST and SYED FARUQUE ALI was that within 18 months after purchasing a unit in Gold Hill '88, each investor would receive 80 ounces of gold. Telemarketers, including defendants LADONNA FORREST and SYED FARUQUE ALI also fraudulently told investors that they would receive a 4:1 return on their investment dollar.

7. On or about February 1, 1988, two months after the marketing of the investment contracts had begun, defendant MURRAY I. BROOKS agreed to pay William Wayne Gabler \$100,000.00 in exchange for Lance Gabler quitclaiming his deed of the mining claim known as Big G-1 to David Brooks.

8. Beginning in early 1988, defendant MURRAY I. BROOKS instructed William Wayne Gabler to purchase used mining equipment and to erect a structure on the site of the Big G-1 claim, knowing full well that such equipment was incapable of mining gold in the quantity promised and without obtaining any of the essential mining permits from the Bureau of Land Management of the Department of the

Interior.

9. As part of the scheme, defendant MURRAY I. BROOKS paid Wayne Gabler approximately \$25,000 in cash to construct a facade in order to impress potential investors who would visit the Gold Hill '88 site.

10. As part of the scheme, defendant MURRAY I. BROOKS prepared a video-tape presentation, to further promote the units, which contained fraudulent misrepresentations which could be played on a home VCR and on radio talk shows. On or about March 16, 1988 defendant MURRAY I. BROOKS was interviewed by Buz Schwarz on "Investor Club of the Year", a radio talk show sponsored by KMNy, a Los Angeles, California radio station. During that interview, defendant BROOKS falsely represented, among other things, that he would spend \$150,000.00 to "get started" mining 50 tons a day, and that "I know exactly what equipment I need to do this."

11. Defendants CROFT IRELAND and MURRAY I. BROOKS hired Dr. Charles Wayne Johnson to conduct assays on the Big G-1 claim. On or about April 28, 1988, Charles Wayne Johnson issued an interim report to defendant MURRAY I. BROOKS on the assays conducted on April 4-6, 1988. The interim report confirmed that the prospectuses overstated the amount of gold on the Big G-1 claim and that there was at most less than one-eleventh of the amount of gold claimed by defendants and in the prospectuses.

purchase of approximately 385 investment contracts of Gold Hill '88.

14. The defendants spent less than \$400,000 on the mining operation while diverting over \$1 million dollars into personal accounts or personal businesses.

15. As part of the scheme, from August 6, 1987 until May 11, 1988, defendant MURRAY I. BROOKS purchased only approximately \$39,313.21 in used mining equipment in contrast to the \$150,000.00 he had promised to spend. The equipment purchased was technologically incapable of mining the gold defendant BROOKS had promised.

16. Between May 1988 and April 1989, defendant MURRAY I. BROOKS placed or caused to be placed in the United States Mails newsletters of Frontier Energy Resources which were sent to investors in the Northern District of Georgia and elsewhere and which purported to report the progress of the gold mining at the Gold Hill '88 site. In fact, the representations of "progress" made in the newsletters were false in that no mining was taking place and no gold was being produced.

17. On or about the dates set forth below, in the Northern District of Georgia, in connection with the offer and sale of securities, the defendants MURRAY I. BROOKS, CROFT IRELAND, SYED FARUQUE ALI and LADONNA FORREST, did willfully employ the aforesaid

devices, schemes and artifices to defraud, engage in the aforesaid fraudulent and deceitful acts, practices and courses of business, omit to state material facts and cause to be made untrue statements of material facts by the following mailings of prospectuses:

<u>COUNT</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>
1	01/15/88	Capital Int'l Trading of Costa, Mesa, CA	Dean Rice, Atlanta, Ga.
2	01/20/88	(Same as above)	Lokesha Totada Atlanta, Ga.
3	02/03/88	(Same as above)	Garyn Pekarski Atlanta, GA
4	06/07/88	(Same as above)	Fred P. Budin Tucker, GA
5	06/22/88	(Same as above)	Pat Parkinton Cumming, GA
6	07/19/88	(Same as above)	A. D. Frazier (Duane Fry), Gainesville, GA

All in violation of Title 15, United States Code, Sections 77(q), and 77(x).

COUNTS SEVEN THROUGH THIRTEEN

1. The Grand Jury hereby incorporates paragraphs 1 through 16 of Counts One through Six of this indictment as if realleged fully herein.

2. On the dates set forth below, in the Northern District of Georgia, and elsewhere, having devised and intending to devise the aforesaid scheme and artifice to defraud, the defendants, MURRAY I. BROOKS, CROFT IRELAND, LADONNA FORREST and SYED FARUQUE ALI, a/k/a Sam Ali, aided and abetted by one another and by individuals known and unknown to the Grand Jury, knowingly and willfully, and for the purpose of executing said scheme and artifice to defraud, did cause to be transmitted by means of wire and radio communications in interstate commerce certain signs, signals and sounds, as set forth below:

<u>COUNT</u>	<u>DATE</u>	<u>METHOD OF COMMUNICATION</u>	<u>FROM</u>	<u>TO</u>
7	02/20/88	Telephone	Capital Int'l Trading of Costa, Mesa, CA	Lokesha Totada Atlanta, Ga.
8	01/28/88	Telephone	(Same as above)	Lokesha Totada Atlanta, GA
9	12/27/88	Telephone	(Same as above)	Garyn Pekarski Atlanta, GA
10	01/22/88	Telephone	(Same as above)	Garyn Pekarski Atlanta, GA
11	02/03/88	Telephone	(Same as above)	Garyn Pekarski Atlanta, GA
12	07/19/88	Telephone	(Same as above)	A. D. Frazier (Duane Fry), Gainesville,GA
13	07/19/88	Telephone	(Same as above)	A.D. Frazier (Duane Fry), Gainesville,GA

All in violation of Title 18, United States Code, Section

COUNTS FOURTEEN AND FIFTEEN

1. The Grand jury hereby incorporates paragraphs 1-16 of Counts One through Thirteen of this indictment as if realleged fully herein.

2. On or about the dates set forth below, in the Northern District of Georgia, and elsewhere, having devised and intending to devise the aforesaid scheme and artifice to defraud, the defendants, MURRAY I. BROOKS, CROFT IRELAND, LADONNA FORREST and SYED FARUQUE ALI, a/k/a Sam Ali, aided and abetted by one another and by individuals known and unknown by the Grand Jury, knowingly and willfully, and for the purpose of executing said scheme and artifice to defraud and attempting to do so, did knowingly cause to be placed in authorized depository for mail matter to be delivered by the U.S. Postal Service according to the directions thereon, the following:

<u>COUNT</u>	<u>DATE</u>	<u>ITEMS MAILED</u>	<u>FROM</u>	<u>TO</u>
14	01/28/88	Investment Contract & Check	Lokesha Totada Atlanta, GA	Lawrence Friend, CPA Santa Ana, CA
15	02/08/88	Investment Contract & Check	Garyn Pekarski Atlanta, GA	Lawrence Friend, CPA Santa Ana, CA

All in violation of Title 18, United States Code, Section 1341.

COUNT SIXTEEN

1. From on or about September 1, 1987 until the present in the Northern District of Georgia and elsewhere the defendants MURRAY I. BROOKS, CROFT IRELAND, LADONNA FORREST and SYED FARUQUE ALI, a/k/a Sam Ali, did unlawfully, willfully and knowingly combine, conspire, confederate, agree and have a tacit understanding with each other and others unknown to the grand jury to commit the following offenses against the United States:

a. In the offer and sale of a security, by the use of means and instruments of transportation and communication in interstate commerce, and by the use of the mails, to knowingly employ a device, scheme and artifice to defraud and to obtain money by means of untrue statements of material fact and by omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and to engage in transactions, practices and courses of business which would operate as a fraud or deceit upon the purchaser, as more particularly set out paragraph 1-16 of Counts One through Six of this indictment, in violation of Title 15, United States Code, Section 77(q); and

b. To devise a scheme and artifice to defraud and to obtain

money by means of false and fraudulent pretenses, representations and promises, as more particularly set out in paragraphs 1-16 of Counts One through Six of this indictment and to use the mails and interstate wire and radio communications for the purpose of executing said scheme and artifice to defraud in violation of Title 18, United States Code, Sections 1341 and 1343.

2. During the conspiracy, as set forth above, the following overt acts were committed by the defendants in furtherance of the conspiratorial agreement in the Northern District of Georgia and elsewhere:

A. On or about January 16, 1988, defendant LADONNA FORREST of Capital International Trading, telephoned Lokesha Totada, a resident of Atlanta, Georgia, in order to fraudulently induce Mr. Totada to purchase a unit in the Gold Hill '88 business. During the conversation, FORREST made representations that she knew to be false including, but not limited to representations concerning the mining and early delivery of gold, and a 4:1 return on the investor's dollar.

B. On or about January 20, 1988, defendant LADONNA FORREST, of Capital International Trading, again telephoned Lokesha Totada, a resident of Atlanta, Georgia, in order to further fraudulently induce Mr. Totada to purchase a unit in Gold Hill '88.

C. On or about January 20, 1988, defendants CROFT IRELAND and LADONNA FORREST of Capital International Trading, placed or caused to be placed in the United States mail a prospectus of the

Gold Hill '88 program which was sent to Lokesha Totada in order to further fraudulently induce Mr. Totada to purchase a unit in the Gold Hill '88 business.

D. On or about January 28, 1988, defendant LADONNA FORREST of Capital International Trading again telephoned Mr. Totada in order to further fraudulently induce Mr. Totada to purchase a unit in the Gold Hill '88 business.

E. On or about January 28, 1988, defendant LADONNA FORREST caused Mr. Totada to place in the United States Mails a check for \$1,600.00 and a signed agreement for the purchase of one unit in the Gold Hill '88 business.

F. Between March 16, 1988 and October 26, 1988, defendant LADONNA FORREST caused Mr. Totada to place in the United States mails personal checks in the amount of \$154.50, which were his monthly payments to Gold Hill '88.

G. On or about December 29, 1987, defendant LADONNA FORREST, of Capital International Trading, telephoned Garyn Pekarski, a resident of Atlanta, Georgia, in order to fraudulently induce Mr. Pekarski to purchase a unit in the Gold Hill '88 business.

H. On or about January 2, 1988, defendant LADONNA FORREST again telephoned Mr. Pekarski in order to fraudulently induce Mr. Pekarski to purchase a unit in the Gold Hill '88 business. The telephone conversations included material misrepresentations and omissions previously described herein.

I. On or about February 3, 1988, defendant LADONNA FORREST, of Capital International Trading, again telephoned Mr. Pekarski in

an effort to fraudulently induce Mr. Pekarski to purchase a unit in the Gold Hill '88 business.

J. On or about February 3, 1988, defendants CROFT IRELAND and LADONNA FORREST, of Capital International Trading, placed or caused to be placed, in the United States Mails a prospectus of the Gold Hill '88 program which was sent to Mr. Pekarski, at his home in Atlanta, Georgia, in an effort to fraudulently induce Mr. Pekarski to purchase a unit in the Gold Hill '88 business.

K. On or about February 8, 1988, defendant LADONNA FORREST caused Garyn Pekarski to place in the United States Mails a check in the amount of \$1,600.00 and a signed agreement for the purchase of one unit in the Gold Hill '88 business.

L. Between April 4, 1988 and November 28, 1988, defendant LADONNA FORREST caused Mr. Pekarski to place in the United States Mails personal checks in the amount of \$154.50, which were his monthly payments to the Gold Hill '88 business.

M. On or about July 12, 1988, defendant LADONNA FORREST, of Capital International Trading, telephoned Mr. A. D. Frazier, who was in reality Duane Fry, an investigator with the Secretary of State's office, and also a resident of Gainesville, Georgia, in order to fraudulently induce Mr. Fry to purchase a unit in the Gold Hill '88 business.

N. On or about July 19, 1988, defendant LADONNA FORREST, of Capital International Trading, again telephoned "Mr. Frazier" in order to further fraudulently induce "Mr. Frazier" to purchase a unit in the Gold Hill '88 business.

O. On or about July 19, 1988, defendants LADONNA FORREST and CROFT IRELAND placed, or caused to be placed in the United States Mails a prospectus of the Gold Hill '88 program in order to fraudulently induce "Mr. Frazier" to purchase a share in the Gold Hill '88 business.

All in violation of Title 18, United States Code, Section 371.

A True BILL
J. A. Carrillo, Jr.
FOREPERSON

for Geraldine Brill
JOE D. WHITLEY
UNITED STATES ATTORNEY

Mart. J.
MARTIN J. WEINSTEIN
ASSISTANT UNITED STATES ATTORNEY

ATTEST: A TRUE COPY
CERTIFIED THIS

SEP 11 1991

Luther D. Thomas, Clerk
By: *[Signature]*
Deputy Clerk